

THE OFFICE OF IVAN C. EVILSIZER

ATTORNEY AT LAW
2033 ELEVENTH AVENUE
HELENA, MT 59601-4875
406-442-7115
Fax: 406-442-2317
E-Mail: Evilsizer2@AOL.COM

October 4, 2002

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: In the Matter of Multi-Association Group ("MAG") Plan for Regulation of
Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers
and Interexchange Carriers, CC Docket No. 00-256;

In the Matter of Developing a Unified Inter-carrier Compensation Regime,
CC Docket No. 01-92;

USF Contribution Mechanism, CC Docket Nos. 96-45, 98-171, 90-571, 92-237,
NSD File No. L-00-72, CC Docket Nos. 99-200, 95-116, and 98-170

Notice of Ex Parte Presentation

Dear Ms. Dortch;

Please take notice that on Thursday afternoon, October 3, 2002, a conference call was held with Commissioner Kevin Martin, and the Ronan Telephone Consumer Advisory Committee, to discuss issues related to the FCC MAG Order, the "Bill & Keep" proposals in Docket No. 01-92, and the proposals for changes to the USF Contribution mechanism (docket numbers listed above). Also present on the call were Daniel Gonzalez and Emily Willeford of Commissioner Martin's staff; the following members of the Ronan Consumer Advisory Committee: Chairman Corwin "Corky" Clairmont, Bonnie Mueller, Linda West, Al Sloan, and Thomas Trickel. Also present on the call were Jay Wilson Preston, Jay W. Preston, Elizabeth C. Preston, and Bonnie Naffziger, of Ronan Telephone Company, and Ivan C. Evilsizer, Attorney.

The group discussed issues regarding the above referenced dockets, and in particular the impacts of the FCC orders and proposals on rural service in America. Attached is a bullet point outline of issues.

Two copies of this letter and outline are being mailed to the FCC Secretary, and it is also being electronically filed with the Commission.

Sincerely,

Ivan C. Evilsizer

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Attorney for Ronan Telephone Consumer Advisory Committee

cc: Commissioner Martin, Emily Willeford, Daniel Gonzalez

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**MAG and BILL & KEEP
BULLET POINTS**

For Conference Call with Commissioner Martin

October 3, 2002

By: Ronan Telephone Consumer Advisory Committee

- **Access Charge Revenues are a cornerstone of rural Universal Service support**
 - 30-60% of current rural revenues are at risk
 - Cost Compensatory
 - Protects affordable local rates
- **Access rates in the range of 4 to 9 cents are not unreasonable in rural area**
 - FCC TELRIC study demonstrates an average cost of 8 cents in Montana
 - Setting rates lower than cost is Implicit Subsidy to IXC's & Competitors
 - Illogical, inefficient, and illegal to require service to be provided below cost
 - No Implicit Subsidies from IXC's exist if current rates are at or below cost
 - No benefits from reductions: IXC's won't share \$900M windfall w/ rural users.
 - IXC financial catastrophe should not be bailed out by rural America
- **Huge new federal subsidy mechanisms are unnecessary and counter-productive**
 - Economically illogical to shift cost compensatory rates to subsidies
 - Further increases already ballooning USF Fund
 - Unpopular subsidy mechanisms inferior to compensatory Access Charges
 - USF Portability in rural areas is counter-productive; subsidizes competition.
- **Long term impacts of MAG and Bill & Keep proposals**
 - Rate Shock to local consumers from rate increases
 - Contrary to Universal Service goals - Detrimental to low income consumers
 - Destroys incentives to maintain or improve rural wireline infrastructure
 - Counter-productive to subsidize high-cost competition
 - Real-world examples: Western Wireless and Blackfoot PCS
 - TELRIC applied to rural reciprocal compensation - ignored when TELRIC rates high
- **Rate averaging must consider entire service package**
 - Urban users can call 100K to 1M people for local rates
 - Rural users must make toll calls to access community of interest
 - Rural Local + Short Haul Toll Cost often more than Urban Local Cost.
 - Raising Rural Local Rates (SLC now, USF pass through soon, Bill & Keep effects later) exacerbates Rural/Urban service divide

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- **Recent Telecom Industry implosion should cause FCC to reexamine post '96 policies!**